Connecticut
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Department of Economic and Community Development

LEGISLATIVE SUMMARY
2018

Dannel P. Malloy
Governor

Catherine H. Smith
Commissioner

LEGEND

AAC	"An Act Concerning…"
CAA	"Connecticut Airport Authority"
CII	"Connecticut Innovations, Inc."
Commissioner	Unless otherwise defined, is the Commissioner of DECD
CRDA	"Capitol Region Development Authority"
DECD	the "Department of Economic and Community Development"
Department	"DECD"
DEEP	the "Department of Energy and Environmental Protection"
DOT	the "Department of Transportation"
DPH	the "Department of Public Health"
DSS	the "Department of Social Services"
DRS	the "Department of Revenue Services"
HB	"House Act"
JSS	"June Special Session"
LLC	"limited liability company"
MAA	the "Manufacturing Assistance Act"
MME	"Manufacturing Machinery and Equipment"
OHE	the "Office of Higher Education"
OPM	the "Office of Policy and Management"
OBRD	the "Office of Brownfield Remediation and Development"
OWC	the "Office of Workforce Competitiveness"
PA	"Public Act"
SA	"Special Act"
SB	"Senate Act"
SSS	"September Special Session"

Sources of Information

The following summaries have been compiled from the Office of Legislative Research and Office of Fiscal Analysis and tailored specifically for the Department of Economic and Community Development. Only Public Acts affecting, or of interest to, the Department are included in this summary.

Prepared by:
Department of Economic & Community Development
2018

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AN ACT AUTHORIZING ADDITIONAL USES OF FUNDS AVAILABLE TO CTNEXT

SUMMARY: This act broadens the purposes for which CTNext can use certain money in the CTNext Fund.

Under existing law, portions of Manufacturing Assistance Act (MAA) bond funds must be deposited into the CTNext Fund to be used for specific purposes designated by law. The act allows CTNext to use certain unspent portions of these bond funds for any purpose for which it may use CTNext Fund resources. At least 30 days before using any unspent funds, the act requires the CTNext board of directors to notify the Commerce and Finance, Revenue and Bonding committees of its plans to use the funds and its reason for doing so.

Existing law earmarks $450,000 of MAA bond funds in each of FYs 17, 18, 19, 20, and 21 to be used by CTNext for growth-stage company grants. Prior law required CTNext to use the entire $450,000 to provide grants in the year of receipt. The act eliminates this requirement.

EFFECTIVE DATE: July 1, 2018

BONDS EARMARKED FOR CTNEXT

Existing law, unchanged by the act, earmarks portions of MAA bond funds for specified CTNext programs and purposes, as shown in Table 1. Under the act, if any of these earmarked funds remain unspent in the fiscal year after that in which they were initially deposited, the money may be spent for any purpose for which the law allows CTNext funds to be spent (see below).

Table 1: MAA Bond Earmarks for CTNext

§	*Amount (in millions)*					*Total*	*Purpose*
	FY 17	FY 18	FY 19	FY 20	FY 21		
32-235 b)(4)	$4.9	$4.9	$4.9	$9.9	$4.9	$29.5	Innovation Places Program: grants for planning designated innovation places, and projects that network innovation places
32-235 b)(5)	--	--	2.0	2.0	2.0	6	Higher education entrepreneurship grants
32-235 b)(8)	0.45	0.45	0.45	0.45	0.45	2.25	Grants to growth-stage companies

CT Next Fund Authorized Purposes

By law, the CTNext Fund's resources may be used for the following:
1. grants to entities planning and developing designated innovation places;
2. projects that connect such places;
3. CTNext's statutory powers and duties (e.g., providing counseling and technical assistance to start-up businesses and conducting business workshops, seminars, and conferences);
4. higher education entrepreneurship programs;
5. grants to growth-stage companies;
6. required assessments, audits, and analyses of CTNext's programs and initiatives;
7. grants to startup businesses located in, or relocating to, designated innovation places; and
8. any other statutorily authorized purpose or activity (CGS § 32-39i(e)).

AN ACT CONCERNING MODIFICATIONS TO BROWNFIELD REMEDIATION GRANT AND LOAN PROGRAMS, THE APPLICATION OF NOTICES OF ACTIVITY AND USE LIMITATION TO CERTAIN PRIOR HOLDERS OF INTEREST IN PROPERTY, PROPERTY TAX AGREEMENTS BETWEEN MUNICIPALITIES AND PROSPECTIVE PURCHASERS OF BROWNFIELDS AND ENVIRONMENTAL IMPACT EVALUATION EXEMPTIONS FOR CERTAIN FEDERALLY APPROVED PROJECTS

SUMMARY: This act makes programmatic changes to state and municipal brownfield remediation programs, loosens a restriction on using the notice of activity and use limitation (NAUL), and exempts proposed actions supporting certain nuclear submarine construction projects from environmental impact evaluation requirements.

The programmatic changes to the state brownfield remediation programs (1) extend the maximum period for repaying certain Department of Economic and Community Development (DECD) loans from 20 to 30 years and (2) require municipalities and other entities that remediate brownfields with DECD grants to do so under a specified state voluntary remediation program.

The act's changes to the municipal property tax incentive programs allow municipalities to extend tax abatements and assessment freezes to people and entities proposing to acquire a brownfield. The changes also expand the range of state voluntary remediation programs under which they must remediate a brownfield as a condition for receiving a tax incentive.

A NAUL is a legal instrument that intends to minimize exposure to contamination in a property by controlling the kind of activity that can occur there. To achieve this purpose, NAULs are executed and recorded in the land records. The act allows NAULs to be used in areas where a prior holder of interest in the property (i.e., prior holder), such as a lender, holds an interest that allows activities the NAUL otherwise prohibits if the prior holder agrees to the NAUL's conditions.

The act also makes minor and technical changes.

EFFECTIVE DATE: October 1, 2018, except the provision (1) extending the period for repaying brownfield loans takes effect July 1, 2018, and is applicable to loans issued on or after that date and (2) exempting state supported nuclear submarine projects from state environmental impact evaluations takes effect upon passage.

§§ 1 & 5 — STATE BROWNFIELD REMEDIATION PROGRAMS

Targeted Brownfield Development Loan Program (§ 1)

The act extends, from 20 to 30 years, the maximum period for repaying loans DECD makes under its Targeted Brownfield Development Loan Program, which provides loans of up to $4 million per year for investigating and assessing a property's environmental condition and remediating any contamination. The loans are available to the current owners of a contaminated property and its potential purchasers if they (1) are not liable for the contamination and (2) plan to develop the property to reduce blight or for industrial, commercial, residential, or mixed use purposes.

Remedial Action and Redevelopment Municipal Grant Program (§ 5)

In addition to making loans to a brownfield's owners or potential purchasers, DECD makes grants to municipalities, municipal and nonprofit economic development agencies, and state-certified brownfield land banks for remediating brownfields they own or control. (It also makes grants to these entities and regional councils of government for preparing comprehensive brownfield remediation and development plans.) As a condition for receiving a grant, the act requires certain grant recipients to conduct the remediation under one of four state voluntary remediation programs the DECD commissioner selects. The voluntary remediation programs are administered by DECD and the Department of Energy and Environmental Protection (DEEP).

The act specifies that the requirement applies to any entity that is eligible for a grant and not subject to requirements under the Transfer Act, the law that requires parties to a real estate transaction involving contaminated property to notify the DEEP commissioner about the contamination and identify the party that will investigate and remediate it.

The act exempts from the remediation program requirement any recipient that will use the grant funds to:
1. prepare a comprehensive brownfield remediation and redevelopment plan,
2. only assess a brownfield's condition, or
3. abate hazardous building materials as long as the recipient demonstrates to the DECD and DEEP commissioners that these materials are the only remaining contamination on the property.

§ 6 — BROWNFIELD REMEDIATION PROPERTY TAX INCENTIVES

The act makes several changes in the law that allows municipalities to offer different types of property tax incentives to brownfield owners. These incentives include abating (reducing) the taxes on a remediated brownfield or fixing its assessment at its pre-remediation level. Under the act, municipalities may offer these incentives to people and entities proposing to acquire a brownfield (i.e., prospective owners). As with current brownfield owners, municipalities that choose to offer these incentives to prospective owners must do so by entering into an agreement with a prospective owner. Prospective owners (and state-certified brownfield land banks) already qualify for property tax forgiveness; the other incentive municipalities may offer to spur brownfield remediation and redevelopment.

Municipalities that chose to offer these incentives must also require the recipient to comply with the law's requirements, including those for remediating a brownfield. Prior law required the recipients of tax forgiveness and assessment fixes to remediate the property under a DEEP voluntary remediation program and meet the Transfer Act's remediation standards. The act expands the range of programs recipients may use to remediate a brownfield to include DECD's voluntary remediation programs, which provide protection from liability if the remediation is completed according the Transfer Act's standards.

§§ 2-4 — NAUL

The act loosens a restriction on the use of NAULs, which are designed to control activities that could potentially expose people to contamination. Prior law prohibited NAULs from being used in places where a prior holder of interest in the property held an interest that allowed (1) activities the NAUL otherwise prohibited or (2) intrusions into contaminated soil. The act eliminates the latter restriction and allows NAULs to be used in areas where the prior interest allows the activities the

NAUL prohibits, but only if the prior holder agrees, by signing the NAUL, to subject that interest to the NAUL's conditions.

§ 7 — ENVIRONMENTAL IMPACT EVALUATION EXEMPTION FOR SUBMARINE CONSTRUCTION PROJECTS

By law, with exceptions, state agencies must prepare an environmental impact evaluation of any activity they propose or fund. The act creates an exception to this requirement for activities supporting certain nuclear submarine construction projects.

The act exempts from this requirement activities that are part of a nuclear submarine construction project that received, on or before the act's passage, the highest priority ranking (i.e., DX) under the U.S. Defense Department's Defense Priorities and Allocation System (See BACKGROUND). The activity must further an "approved program," as defined under the Defense Priorities and Allocations System regulations (15 CFR Part 700).

BACKGROUND

Defense Priorities and Allocations Systems Program

Administered by the U.S. Department of Commerce's Bureau of Industry and Security, the Defense Priorities and Allocations Systems Program prioritizes national defense-related contracts and orders throughout the U.S. supply chain to support military, energy, homeland security, emergency preparedness, and critical infrastructure requirements.

The authorization comes from Title I of the Defense Production Act of 1950, which required the president to require preferential acceptance and performance of contracts or orders (other than employment contracts) supporting certain approved national defense and energy programs, and to allocate materials, services, and facilities in such a manner as to promote these programs. The president delegated this authority to the Commerce Department under Executive Order 13603.

Public Act# 18-145 SB# 263

AN ACT ELIMINATING CERTAIN UNCLAIMED AND SELDOM CLAIMED TAX CREDITS

SUMMARY: This act ends two economic development corporation business tax credit programs. It

1. closes, on or after July 1, 2018, new applications for the 10-year credit available for developing or acquiring facilities for specified uses in the state's 18 enterprise zones and other designated areas (see BACKGROUND), but allows businesses that were awarded the credit before this date to continue to claim it until the end of the 10-year period; and
2. eliminates the tax credit for establishing new businesses in the enterprise zones and makes several technical and conforming changes.

EFFECTIVE DATE: July 1, 2018, except the changes to the tax credits for acquiring or developing facilities in designated areas take effect on or after that date and are applicable to income years beginning on or after January 1, 2018.

ELIMINATED TAX CREDIT PROGRAMS

Developing or Acquiring Facilities in Enterprise Zones and other Designated Areas (CGS § 12-217e)

The act ends on July 1, 2018, the economic and community development commissioner's authority to issue new certificates necessary to claim the 10-year corporation business tax credit for developing or acquiring facilities in designated areas. It also prohibits new credits from being claimed under the program for any income year beginning on or after January 1, 2018.

The program currently has two components, based on a facility's type and location designation. The first component provides a flat 10-year credit for an amount that varies depending on a facility's location and use, as follows:

1. 25% credit for businesses acquiring or improving facilities for manufacturing or entertainment uses in a targeted investment community (i.e., a municipality with an enterprise zone), enterprise zone, or airport development zone;
2. 25% credit for businesses in airport development zones that are dependent upon or related to airport operations; and
3. 50% credit for businesses acquiring or developing facilities for manufacturing, entertainment, specified services, and information technology uses, if they also (a) hire at least 150 people who reside in the zone or the host municipality and qualify for federal job training assistance or (b) fill at least 30% of the jobs with people who reside in the zone or host municipality and qualify for such assistance.

The program's second component provides a 10-year sliding scale credit to service facilities that acquire or develop property in a municipality with an enterprise zone (which are statutorily designated targeted investment communities) but on a site located outside the enterprise zone. The credit amount is based on the number of jobs they create and ranges from 15% for creating between 300 and 500 jobs to 50% for creating 2,000 or more jobs.

Under the act, businesses that were approved for credits under both components before July 1, 2018, may continue to claim them until the end of the 10-year period.

Creating Corporations in Enterprise Zones (CGS § 12-217v)

The act eliminates the 10-year corporation business tax credit for creating a business in an enterprise zone and meeting specified employment goals. The credit is for 100% of the business's tax liability for the first three years and 50% for the next seven.

BACKGROUND

Designated Areas

The act ends two economic development tax credit programs for businesses in distressed municipalities and targeted investment communities (i.e., the municipalities with enterprise zones). The economic and community development commissioner annually designates distressed municipalities based on statutory criteria. By law, a targeted investment community is any

municipality with an enterprise zone. Table 1 identifies the current (2017) distressed municipalities and targeted investment communities.

Table 1: Targeted Investment Communities and Distressed Municipalities

Targeted Investment Communities		*Distressed Municipalities*	
Bridgeport	New Haven	Ansonia	Naugatuck
Bristol	New London	Bridgeport	New Britain
East Hartford	Norwalk	Bristol	New Haven
Groton	Norwich	Chaplin	New London
Hamden	Southington	Derby	Norwich
Hartford	Stamford	East Hartford	Plymouth
Meriden	Thomaston	East Haven	Putnam
Middletown	Waterbury	Enfield	Sprague
New Britain	Windham	Griswold	Torrington
		Hartford	Waterbury
		Killingly	West Haven
		Meriden	Windham
		Montville	

The municipalities with entertainment districts are Bridgeport, New Britain, Stamford, and Windham.

The municipalities that have or are part of an airport development zone are: East Granby, Suffield, Windsor, and Windsor Locks (i.e., Bradley Airport Development Zone); Groton and New London (i.e., Groton-New London Airport Development Zone); and Waterbury and Oxford (i.e., Waterbury-Oxford Development Zone).

Public Act# 18-162 HB# 5274

AN ACT CONCERNING THE TERMS OF THE STATE POET LAUREATE AND THE STATE TROUBADOUR

SUMMARY: This act requires the appointment of an official state trobairitz or troubadour, instead of just an official state troubadour, as prior law required, and explicitly requires the Department of Economic and Community Development (DECD) commissioner to make this appointment. It also requires, rather than allows for, the appointment of a state poet laureate and explicitly requires

the commissioner to make this appointment too. Under prior law, DECD appointed the state troubadour and state poet laureate.

The act requires the commissioner to designate individuals for both positions to a three-year term and allows her to fill a vacancy in either position by appointment for the term's balance. Prior law did not specify a term for the poet laureate, but provided a two-year term for the state troubadour. In both cases, it made no provision for filling a vacancy.

Under the act, the commissioner must continue to appoint the state poet laureate with recommendations from the Culture and Tourism Advisory Committee, as DECD had to do under prior law if it chose to fill that position.

EFFECTIVE DATE: October 1, 2018

Public Act# 18-49 SB# 11

AN ACT CONCERNING AN AFFECTED BUSINESS ENTITY TAX, VARIOUS PROVISIONS RELATED TO CERTAIN BUSINESS DEDUCTIONS, THE ESTATE AND GIFT TAX IMPOSITION THRESHOLDS, THE TAX TREATMENT OF CERTAIN WAGES AND INCOME AND A STUDY TO IDENTIFY BEST PRACTICES FOR MARKETING THE BENEFITS OF QUALIFIED OPPORTUNITY ZONES

§§ 11-13 — BUSINESS TAX DEDUCTIONS

Bonus Depreciation (§ 11)

Beginning with the 2017 tax year, the act requires individuals receiving income from pass-through businesses to add back the federal bonus depreciation deduction for property placed in service after September 27, 2017, when calculating their Connecticut adjusted gross income for the state personal income tax. But it allows them to deduct 25% of the disallowed deduction for each of the four succeeding tax years. Existing law, unchanged by the act, disallows the federal bonus depreciation deduction for state corporation business tax purposes.

The federal Tax Cuts and Jobs Act of 2017 authorizes a first-year bonus depreciation deduction of 100% on qualified new and used property businesses place in service after September 27, 2017, and before January 1, 2023 (the rate phases down by 20% each year thereafter) (26 USC § 168(k)). Prior law generally provided for a 50% bonus depreciation deduction in 2017, 40% in 2018, and 30% in 2019.

Section 179 Property (§§ 11 & 12)

The act requires individuals and corporations, for state personal income and corporation business tax purposes respectively, to apportion the federal deduction for the cost of qualifying property ("section 179 property") over a five-year period. They must do so for tax years (for personal income tax) or income years (for corporation business tax) beginning on or after January 1, 2018. Under the act, individuals and corporations (1) must add back 80% of the federal deduction in the first year and (2) may deduct 25% of the disallowed portion of the deduction in each of the four succeeding tax years (i.e., 20% a year for five years).

Under federal law, businesses can elect to treat the cost of section 179 property as a deductible expense rather than a capital expenditure, subject to a maximum deduction and investment limitation (26 USC § 179). The federal Tax Cuts and Jobs Act of 2017 expands the type of property that taxpayers may elect to treat as section 179 property and increases the (1) maximum deduction for section 179 expensing from $510,000 to $1 million and (2) investment limitation from $2.03 million to $2.5 million.

State or Local Government Contribution Deduction (§ 13)

The act establishes a corporation business tax deduction for the amount of any contributions made by the state of Connecticut or its political subdivisions on or after December 23, 2017, to the extent that such contributions are included in a corporation's gross income under federal law. (PA 18-169, § 41, contains an identical provision.)

The federal Tax Cuts and Jobs Act of 2017 generally requires a corporation to include in its gross income any contribution made after December 22, 2017 by a government entity or civic group (other than a contribution made by a shareholder as such) (26 USC § 118(b)(2)). These contributions could include, for example, state grants to a corporation for meeting certain employment or investment requirements.

Dividends Received Deduction (§ 13)

Existing law generally allows corporations to deduct from their gross income the dividends they receive from other corporations in which they have an ownership stake, but not the expenses related to those dividends. The act specifies that expenses related to dividends equal 5% of all dividends received by a company during an income year. For multi-state companies or financial service companies, it requires the net income associated with the disallowed expenses to be apportioned according to the existing requirements for doing so. (PA 18-169, § 41, contains an identical provision.)

Business Interest Deduction (§ 13)

The federal Tax Cuts and Jobs Act of 2017 generally limits the amount of business interest a company may deduct from gross income to 30% of its adjusted taxable income. (The limitation generally applies to all taxpayers, except small businesses with average gross receipts of $25 million or less, adjusted for inflation.)

For income years beginning on or after January 1, 2018, the act requires the business interest deduction for state corporation business tax purposes to be determined as provided under federal law, except that the limitation does not apply. (PA 18-169, § 13, contains an identical provision.)

EFFECTIVE DATE: Upon passage and applicable to income years (for the corporation tax provisions) or tax years (for the personal income tax provisions) beginning on or after January 1, 2017, except that the corporation asset expensing deduction is effective upon passage.

§§ 14-18 — GIFT AND ESTATE TAX

Beginning in 2020, the act sets the estate and gift tax threshold at $5.49 million and imposes a marginal rate schedule for gifts and estates over that amount. Prior law set the threshold, beginning in 2020, at the federal basic exclusion amount (federal threshold) and applied a single rate to the

excess over the federal threshold, depending on the value of the taxable estate or gift. The federal Tax Cuts and Jobs Act of 2017 doubled the federal threshold (to $11 million in 2018, after adjusting for inflation). (However, PA 18-81, §§ 66-68, instead sets the gift and estate threshold at $5.1 million for 2020, $7.1 million for 2021, $9.1 million for 2022, and the federal basic exclusion amount for 2023 and thereafter.)

Table 2 shows the act's threshold and rate changes.

Table 2: Estate and Gift Tax Rates, 2020 and Thereafter

Prior Law		Act	
Value of Taxable Estate and Gift	**Rates**	**Value of Taxable Estate and Gift**	**Marginal Rates**
Up to federal threshold	None	Up to $5,490,000	None
Federal threshold to $6,100,000	10% of the excess over the federal threshold	$5,490,001 to $6,100,000	10%
$6,100,001 to $7,100,000	10.4% of the excess over the federal threshold	$6,100,001 to $7,100,000	10.4%
$7,100,001 to $8,100,000	10.8% of the excess over the federal threshold	$7,100,001 to $8,100,000	10.8%
$8,100,001 to $9,100,000	11.2% of the excess over the federal threshold	$8,100,001 to $9,100,000	11.2%
$9,100,001 to $10,100,000	11.6% of the excess over the federal threshold	$9,100,001 to $10,100,000	11.6%
Over $10,100,000	12% of the excess over the federal threshold	Over $10,100,000	12%

The act makes conforming changes to requirements for filing tax returns with the Department of Revenue Services (DRS) and the probate court. By law, all estates, regardless of their gross value, must file an estate tax return. If the estate's value is more than the taxable threshold, the executor must file the return with DRS, with a copy to the probate court for the district where the decedent lived or, if the decedent was not a Connecticut resident, where the Connecticut property is located. If the estate's value is below the tax threshold, the return must be filed only with the appropriate probate court. The probate judge must review the return and issue a written opinion to the estate's representative if the judge determines it is not subject to the estate tax.

Under prior law, for deaths on or after January 1, 2020, the threshold for filing an estate tax return only with the probate court was the federal estate tax threshold. The act instead sets the threshold at $5.49 million.

EFFECTIVE DATE: Upon passage

§ 19 — INCOME TAX CREDIT FOR TAXES PAID TO OTHER JURISDICTIONS

Existing law authorizes Connecticut full- and part-time residents to take a credit against their personal income tax for income taxes paid to another U.S. state, political subdivision, or the District of Columbia on income that is also subject to Connecticut income taxes. The act allows residents to claim this credit for certain payroll taxes paid to other jurisdictions. It does so by providing that, for purposes of calculating the credit, a tax on wages that is paid to another jurisdiction for which

a credit is allowed by that jurisdiction must be considered an income tax and resident taxpayers may claim a comparable credit in the form and manner the DRS commissioner prescribes, subject to the credit's existing limitations. (PA 18-169, § 42, contains an identical provision.)

EFFECTIVE DATE: Upon passage, and applicable to tax years beginning on or after January 1, 2019.

§ 20 — "CONVENIENCE OF THE EMPLOYER" TEST FOR NONRESIDENT TAXPAYERS

By law, people who reside in other states must pay Connecticut income taxes on income they derive from a business, trade, profession, or occupation conducted here. The act specifies that such income includes income from days the nonresident taxpayer worked outside Connecticut for his or her convenience if the taxpayer's domicile state imposes a similar requirement. (PA 18-169, § 43, contains an identical provision.)

States using such a test, commonly referred to as a "convenience of the employer" test, generally allocate a taxpayer's income to the state of his or her principal place of employment, even if it is attributable to work performed outside the state, if the taxpayer was performing the work outside of the state for his or her convenience, rather than at the employer's direction.

EFFECTIVE DATE: Upon passage and applicable to tax years beginning on or after January 1, 2019.

§ 21 — OPPORTUNITY ZONES STUDY

The act requires the Department of Economic and Community Development commissioner to conduct a study identifying best practices for marketing the benefits of qualified "opportunity zones," as defined by federal law, in order to increase investment in distressed census tracts and municipalities. By January 1, 2019, the commissioner must report the findings to the Commerce; Planning and Development; and Finance, Revenue and Bonding committees.

The federal Tax Cuts and Jobs Act of 2017 allows state chief executive officers to nominate low-income communities for designation as a qualified opportunity zone and establishes tax incentives for investing in the designated zones through a qualified fund.

EFFECTIVE DATE: Upon passage

Public Act# 18-160 HB# 5209

AN ACT IMPOSING A SURCHARGE ON CERTAIN INSURANCE POLICIES AND ESTABLISHING THE HEALTHY HOMES FUND

SUMMARY: This act imposes a $12 surcharge on the named insured under certain homeowners insurance policies issued over the next 11 years and authorizes the insurance commissioner to adopt implementing regulations. Revenue from the surcharge is deposited into the Healthy Homes Fund, which the act establishes.

Under the act, 85% of the surcharges collected, after subtracting an amount to cover the cost of an Insurance Department employee to facilitate collection, must be deposited into the Crumbling Foundations Assistance Fund to assist homeowners with concrete foundations damaged by the

presence of pyrrhotite. The remaining 15% must be used by the Department of Housing (DoH) to fund:

1. grants, up to a total of $1 million, from the Department of Economic and Community Development (DECD) to certain homeowners in New Haven and Woodbridge with structural damage from subsidence or water infiltration; and
2. lead, radon, and other contaminant abatement activities, including necessary administrative expenses. (PA 18-179 limits these particular funds to lead removal, remediation, and abatement only. See "Related Acts" below.)

EFFECTIVE DATE: January 1, 2019, for the insurance surcharge provisions, and applicable to policies delivered, issued, or renewed on or after that date; and upon passage for the Healthy Homes Fund provisions.

INSURANCE SURCHARGE

Applicability

The act imposes a $12 surcharge on the named insured under each homeowners insurance policy delivered, issued, renewed, amended, or endorsed between January 1, 2019, and December 31, 2029. The surcharge applies to policies on residential dwellings with four or fewer units and on condominiums.

Under the act, the surcharge is not a premium and constitutes a special purpose assessment under state law (i.e., it does not trigger certain tax reciprocity repercussions).

Remittance and Deposit into the Healthy Homes Fund

Each admitted and nonadmitted insurer, acting on behalf of and as a collection agent of the Healthy Homes Fund (see below), must, by April 30 annually, remit to the insurance commissioner the surcharges on policies delivered, issued, or renewed in the previous calendar year, along with documentation substantiating the amount in a form and manner she prescribes. (Presumably, insurers must also remit the surcharge imposed on amended policies. For nonadmitted insurers, the act presumably requires the insurers' licensees to collect the surcharge. Such licensees are the state regulated entity for nonadmitted insurers.)

Under the act, the Insurance Department may keep from the total remitted an amount necessary to fund an administrative officer to facilitate the surcharge collection process. The rest must be deposited into the Healthy Homes Fund.

HEALTHY HOMES FUND

The act establishes the Healthy Homes Fund as a separate nonlapsing General Fund account to collect insurance surcharge funds to (1) help homeowners with concrete foundations damaged from pyrrhotite, (2) provide grants to certain homeowners in New Haven and Woodbridge with structural damage from subsidence or water infiltration, and (3) fund a program to reduce residential health and safety hazards.

Within 30 days of deposit of the surcharge funds, 85% must be transferred to the Crumbling Foundations Assistance Fund, which by law is used by the Connecticut Foundation Solutions

Indemnity Company, LLC to assist homeowners with crumbling concrete foundations. (The company is a captive insurer created by PA 17-2, June Special Session, to facilitate aid to affected homeowners.)

The remaining 15% of surcharge deposits in the Healthy Homes Fund must be used by DoH to:

1. provide DECD with up to $1 million for grants to homeowners with homes (a) in the immediate vicinity of the West River in the Westville section of New Haven and Woodbridge that are structurally damaged due to subsidence and (b) abutting the Yale Golf Course in Westville that are damaged from water infiltration or subsidence and
2. fund a program, including related administrative expenses, to reduce residential health and safety hazards from such things as lead, radon, and other contaminants and conditions, including removal, remediation, and abatement. (PA 18-179 limits these particular funds to lead removal, remediation, and abatement only. See "Related Acts" below.)

Municipal Notification

The act requires DoH to notify the Department of Public Health (DPH) within 30 days after the Insurance Department deposits money into the Healthy Homes Fund. However, the act also requires DPH to annually notify each municipal health department of available Healthy Home funds within the same time period.

Report to the General Assembly

By January 1, 2020, the act requires the DoH commissioner to begin annually reporting to the Housing, Planning and Development, and Appropriations committees on the status of the Healthy Homes Fund and any money from it spent by DoH. The act allows the report to be electronically submitted.

Related Acts
PA 18-179 limits the scope of the residential health and safety hazard reduction program by requiring all program funds to be used for lead removal, remediation, and abatement.

Public Act# 18-175 HB# 5517

AN ACT CONCERNING EXECUTIVE BRANCH AGENCY DATA MANAGEMENT AND PROCESSES, THE TRANSMITTAL OF TOWN PROPERTY ASSESSMENT INFORMATION AND THE SUSPENSION OF CERTAIN REGULATORY REQUIREMENTS

SUMMARY: This act establishes data requirements for executive branch agencies, including (1) authorizing the Chief Data Officer (CDO) to direct agencies on data-related topics, (2) requiring a biennial state data plan, and (3) establishing a Connecticut Data Analysis Technology Advisory Board. Previously, Executive Order 39 established similar requirements for executive branch agencies (see BACKGROUND).

The act authorizes the Office of Policy and Management (OPM) secretary to designate an existing employee to serve as the CDO to direct executive branch agencies (defined by the act to exempt the Board of Regents (BOR) of higher education) on data use, management, sharing, coordination, and formulation of the state data plan and transparency plans.

The act requires (1) the CDO to create the state data plan and (2) that the information technology-related actions and initiatives of all executive branch state agencies conform to it. The act correspondingly requires executive agencies to annually inventory their data assets, submit the inventory to OPM, and designate an agency data officer; thus, conforming law to practice. It allows other agencies to voluntarily comply with these data requirements.

The act establishes a 16-member Connecticut Data Analysis Technology Advisory Board within the legislative branch to advise the executive, legislative, and judicial branches and municipalities on data policy. It also requires OPM to continue operating and maintaining the Open Data Portal.

The act expands participation in LEANCT, the statewide government process improvement initiative, to all executive agencies (including higher education) and codifies the Statewide Process Improvement Steering Committee. It also expands state agencies' ability to suspend paper filing or document service requirements by allowing them to require the electronic filing or service of any documents or data.

The act requires municipalities that possess digital property data to annually submit the data to their regional council of government (COG), and COGs to annually provide a list of non-compliant and exempt municipalities to OPM and the Planning and Development Committee.

Finally, it allows immediate family members to be employed in the same department or division of the constituent units of higher education, provided that procedures have been implemented to prevent any conflicts of interest.

EFFECTIVE DATE: Upon passage, except that provisions on the process improvement initiative and electronic filing take effect on July 1, 2018.

§ 1 —DATA CATEGORIES

The act categorizes data based on how it is used or applied. In regard to executive branch agencies, it defines “high value data” as any data that the department head determines:
1. can increase an agency's accountability and responsiveness, improve public knowledge of an agency and its operations, further its core mission, or create economic opportunity;
2. is critical to the agency's operation or used to satisfy any legislative or other reporting requirements; or
3. is frequently requested by the public or responds to a need and demand identified through public consultation.

Under the act, “open data” is any data that is:
1. freely available in a convenient and modifiable format and can be retrieved, downloaded, indexed, and searched;
2. formatted in a manner that allows for automated processing;
3. free of restrictions governing use;
4. published with the finest possible level of detail practicable and permitted by law; and
5. described in enough detail so that the data's users can understand the data’s strengths, weaknesses, analytical limitations, and security requirements, and how to process it.

It also defines the terms “data,” “public data,” and “protected data.” Under the act, “data” means final versions of statistical or factual information that (1) are reflected in a list, table, graph, chart,

or other non-narrative form and can be digitally or non-digitally transmitted or processed; (2) are regularly created or maintained by or on behalf of an executive agency; and (3) record a measurement, transaction, or determination related to the agency's mission or are provided to the agency pursuant to law.

It defines “public data” as any data collected by an executive branch agency that may be made public, consistent with any and all applicable laws, rules, regulations, ordinances, resolutions, policies or other restrictions, requirements, or rights associated with the data, including contractual or other legal orders, restrictions, or requirements.

Under the act, “protected data” means any data the public disclosure of which would (1) violate federal or state laws or regulations; (2) endanger the public health, safety, or welfare; (3) hinder the operation of the federal, state, or municipal government, including criminal and civil investigations; or (4) impose an undue financial, operational, or administrative burden on the executive branch agency. It includes any records that are exempt from disclosure under the Freedom of Information Act.

§ 2 — EXECUTIVE BRANCH DATA

Chief Data Officer

The act requires the OPM secretary to designate an agency employee to serve as the CDO. It charges the CDO with creating the state data plan, and in accordance with such plan, authorizes the officer to (1) direct executive branch agencies, except the Board of Regents for higher education, on the use and management of data to enhance the efficiency and effectiveness of state programs and policies; (2) facilitate the sharing and use of executive branch agency data between such agencies and with the public; and (3) coordinate data analytics and transparency master planning for executive branch agencies.

State Data Plan

By December 31, 2018, and biennially thereafter, the act requires the CDO, in consultation with the agency data officers, and executive branch agency heads, to create a state data plan. The act requires the information technology-related actions and initiatives of all executive branch agencies, including the acquisition of hardware and software and the development of software, to be consistent with the final data plan. The plan must:

1. establish management and data analysis standards across all executive branch agencies;
2. include specific, achievable goals within the two years following adoption of the plan, as well as longer term goals;
3. make recommendations to enhance standardization and integration of data systems and data management practices across all executive branch agencies;
4. provide a timeline for a review of any state or federal legal concerns or other obstacles to the internal sharing of data among agencies, including security and privacy concerns;
5. set goals for improving OPM’s online open data repository; and
6. provide for a procedure for each agency head to report to the CDO on the agency's progress toward achieving the plan's goals.

In addition, the act allows the state data plan to make recommendations on data management for the legislative or judicial branch agencies, but it specifies that the recommendations are not binding.

By November 1, 2018, and every two years after, the act requires the CDO to submit a preliminary draft of the plan to the Connecticut Data Analysis Technology Advisory Board (§ 3). The board must hold a public hearing on the draft and submit any suggested revisions to the CDO within 30 days after receipt. After receiving any recommended revisions from the board, the CDO must finalize and submit the final plan to the board, send a copy of the plan to all agency data officers, and post it on OPM's website.

Open Data Portal and Data Inventory

The act conforms law with practice by requiring OPM to operate and maintain an open data portal. It requires each executive branch agency, by December 31, 2018, and annually thereafter, to (1) inventory, in a format determined by the CDO, its high value data and (2) submit the inventory to the CDO and the Connecticut Data Analysis Technology Advisory Board. In doing so, agencies must presume the data is public, unless it is classified otherwise.

The act requires each executive branch agency to develop an open data access plan, in a form prescribed by OPM, and detail the agency's plan to publish, as open data, any public data that the agency has identified and any protected data that can be made public through aggregation, redaction of individually identifiable information, or other means sufficient to satisfy applicable state or federal law or regulation.

Agency Data Officers

The act requires executive branch agencies to designate one employee in each agency as the agency data officer, conforming to current practice. The data officers serve as the agency point of contact for inquiries, requests, or concerns regarding access to data. The act authorizes these agency data officers, in consultation with the CDO and agency head, to establish procedures to ensure that data requests are received and complied with in an appropriate and prompt manner.

Non-Executive Branch Agencies & Municipalities

The act allows non-executive branch agencies, quasi-public agencies, and municipalities to voluntarily opt to comply with the open data provisions by submitting a written notice to OPM. These agencies and municipalities can opt out of voluntary compliance by submitting written notice to OPM. The act requires OPM to create, maintain, publish on its website, and update as necessary a list of all agencies subject to the open data provisions, including those agencies and municipalities that have voluntarily opted to comply.

§ 3 — CONNECTICUT DATA ANALYSIS TECHNOLOGY ADVISORY BOARD

The act establishes a 16-member Connecticut Data Analysis Technology Board within the Legislative Department to, among other things, advise the three branches of state government and municipalities on data policy.

Board Membership

By July 1, 2018, the House speaker, Senate president pro tempore, House minority leader, and Senate minority leader must each appoint two voting board members to serve two-year terms. These eight voting board members must have professional experience or academic qualifications in data

analysis, management, policy, or related fields and not be legislators. Appointing authorities fill vacancies and terms run with the term of the appointing authority.

In addition, the board includes the following officials, or their designees, as non-voting ex-officio members:
1. the administrative services commissioner;
2. the Freedom of Information Commission executive director;
3. the Attorney General;
4. the Chief Court Administrator;
5. the State Librarian;
6. the State Treasurer;
7. the Secretary of the State;
8. the State Comptroller; and
9. the Chief Data Officer, serving as the board chairperson.

The act allows board members to serve more than one term.

Board Procedures

The act requires the CDO to schedule and hold the first board meeting by August 1, 2018. The board must meet at least twice a year and may meet more as deemed necessary by the chairperson or a majority of the board members. The administrative staff of the Government Administration and Elections Committee must staff the board, with assistance as needed from employees of the Office of Legislative Research (OLR) and Office of Fiscal Analysis (OFA).

Board Powers & Duties

The act authorizes the board to have the following powers and duties:
1. advise the executive, legislative, and judicial branches and municipalities on data policy, including best practices in the public, private, and academic sectors for data analysis, management, storage, security, privacy and visualization, and using data to grow the economy;
2. advise OPM on the online data portal;
3. issue reports and make legislative recommendations;
4. upon the request of at least two board members, request any agency data officer or agency head to appear before the board to answer questions;
5. obtain from any executive department, board, commission, or other agency of the state assistance and data necessary and available to carry out its power and duties;
6. make recommendations to the legislative leaders and the directors of OFA and OLR regarding data analysis skills and related expertise that the leaders and these offices may seek to cultivate among their staff through training or as a consideration when hiring staff; and
7. establish bylaws to govern its procedures.

§ 4 — LEANCT

The act expands the scope of LEANCT, a statewide process improvement initiative. It requires OPM to establish and oversee the initiative to assist executive branch agencies, excluding the Board of Regents, with business process analysis to do the following:
1. streamline processes;
2. optimize service delivery through information technology;
3. eliminate unnecessary work;

4. establish standardized work flows; and
5. prioritize available resources to promote economic growth, improve services, and increase workforce productivity.

The act also codifies the Statewide Process Improvement Steering Committee, which supports the initiative. It requires the OPM secretary to establish the committee and designates the secretary, or his designee, as its chairperson.

Under prior law, OPM, within available appropriations, had to contract for consultant services to apply LEAN practices and principles to the (1) permitting and enforcement processes of the departments of Energy and Environmental Protection, Economic and Community Development, Administrative Services, and Transportation most frequently used by business entities and (2) licensure procedures for commercial bus drivers that the departments of Consumer Protection, Emergency Services and Public Protection, and Children and Families currently perform.

§ 5 — ELECTRONIC FILING SYSTEM

The act expands state agencies' ability to suspend paper filing or document service requirements. By law, a state agency may (1) suspend any requirements in its regulations governing its rules of practice for paper filing or document service for formal and informal agency proceedings and (2) establish an electronic filing system for the filings and service.

The act expands this authority by allowing agencies to do the following:
1. suspend paper and facsimile submission requirements contained in any agency regulation, not just regulations governing the rules of practice and
2. suspend paper data filing requirements, not just paper document filing requirements.

The act allows agencies to require the electronic filing or service of such documents or data (1) required to be submitted to the agency by any provision of federal or state law, any regulation adopted by an agency, any order, or any license. By law, a license includes all or part of any agency permit, certificate, approval, registration, charter, or similar form of permission required by law (CGS § 4-166(8)).
By law, before suspending the regulatory requirements or requiring electronic filing or service, the agency must give 30 days' notice on its website and in the Connecticut Law Journal, including instructions for using the electronic filing system. The act applies this requirement to the expanded ability to suspend paper filing and requires the agency to maintain the instructions on its website for as long as it requires the electronic filing for service of documents or data. As under existing law, agencies must exempt from electronic filing any person that requests an exemption and provides written notice to the agency of a hardship (e.g., lack of access to a device capable of electronic filing).

§ 6 — DIGITAL PARCEL DATA

By May 1, 2019, the act requires each municipality that has, or contracts for services to create or maintain, a digital parcel file (i.e., assessor property boundaries) to annually transmit the file to its regional COG or, for towns that are not COG members, to the OPM Secretary. It requires these digital parcel files to include, at a minimum:

1. any information from the town assessor's database that identifies a property's unique identifier in the file; size; address; value of the land, buildings, and other improvements; and year constructed and
2. any other information deemed necessary by the applicable COG.

It also requires each COG, starting by July 1, 2019, to annually submit to the OPM Secretary and the Planning and Development Committee a report that lists each municipality that (1) failed to provide its digital parcel file and (2) does not possess a digital parcel file (and therefore would be exempt from the provision's requirements).

§ 7 — HIGHER EDUCATION STATE EMPLOYEES The act allows a state employee working at a constituent unit of higher education and his or her immediate family member to be employed in the same department or division, provided that procedures have been implemented to ensure that any final decisions impacting the financial interests of either employee are made by an unrelated state employee. This includes decisions to hire, promote, increase the compensation of, or renew the employment of such state employee.

BACKGROUND

Executive Order 39
Executive Order 39 established open data requirements for executive branch agencies. The executive order established the Connecticut Open Data Portal and established the position of Chief Data Officer, designated by the governor, to manage it with assistance from the Department of Administrative Services (DAS) and the Bureau of Enterprise Systems and Technology. Among other things, the order required the CDO to coordinate implementation, compliance, and expansion of the portal; assist state agencies in providing data sets to it; and coordinate initiatives to improve the data provided, including encouraging participation by other state entities and non-governmental organizations. It also established the governor-appointed Open Data Advisory Panel to advise the CDO on the performance of his specified duties.

Special Act# 18-8 SB# 443

AN ACT ESTABLISHING THE CONNECTICUT BLOCKCHAIN WORKING GROUP

Section 1. (*Effective from passage*) (a) The chairpersons and ranking member of the joint standing committee of the General Assembly having cognizance of matters relating to commerce shall jointly appoint and convene a working group to develop a master plan for fostering the expansion of the blockchain industry in the state and recommend policies and state investments to make Connecticut a leader in blockchain technology. Such master plan shall: (1) Identify the economic growth and development opportunities presented by blockchain technology; (2) assess the existing blockchain industry in the state; (3) review workforce needs and academic programs required to build blockchain expertise across all relevant industries; and (4) make legislative recommendations that will help promote innovation and economic growth by reducing barriers to and expediting the expansion of the state's blockchain industry.

(b) Appointments to the working group shall include, but need not be limited to, (1) not fewer than five members who have knowledge and experience in blockchain technology or represent an industry that could benefit from blockchain technology, and (2) not fewer than two members representing institutions of higher education in the state. The Commissioner of Economic and Community

Development, or the commissioner's designee, shall be an ex-officio member of the working group. All appointments to the working group shall be made not later than thirty days after the effective date of this section.

(c) The chairpersons and ranking member of the joint standing committee of the General Assembly having cognizance of matters relating to commerce shall jointly select the chairperson of the working group. The chairperson shall schedule the first meeting of the working group, which shall be held not later than July 1, 2018. The working group shall meet at such other times as the chairperson deems necessary.

(d) Not later than January 1, 2019, the working group shall submit a report on its findings and recommendations to the joint standing committees of the General Assembly having cognizance of matters relating to commerce, banking and finance, revenue and bonding, in accordance with the provisions of section 11-4a of the general statutes. The working group shall terminate on the date that it submits such report or January 1, 2019, whichever is later.

Approved June 6, 2018

Special Act# 18-16 HB# 5439

AN ACT CONCERNING INFORMATION RELATING TO BIOSCIENCE AND CROWDFUNDING ON THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT WEB SITE

Section 1. (*Effective from passage*) Not later than October 1, 2018, the Commissioner of Economic and Community Development shall update the department's Internet web site to include the following items: (1) Information concerning bioscience, and (2) an explanation of crowdfunding and links to resources for businesses and entrepreneurs interested in pursuing crowdfunding opportunities. Links to such items shall be displayed prominently on the main page of such Internet web site.

Approved June 7, 2018

Special Act# 18-17 HB# 5440

AN ACT CONCERNING BUSINESS REGISTRATION, LICENSING AND PERMITTING THROUGH THE STATE'S ELECTRONIC BUSINESS PORTAL

Section 1. (*Effective from passage*) (a) The information and telecommunications systems executive steering committee, established in subsection (b) of section 4d-12 of the general statutes, in consultation with the Commissioner of Economic and Community Development and the Connecticut Economic Resource Center, shall study the expansion of the state's electronic business portal, established pursuant to section 3-99d of the general statutes, to serve as a centralized and streamlined business registration, license and permit filing system. The goals of such system shall include, but not be limited to, shortening agency processing time and improving communication among state agencies and between state agencies and businesses. Such system shall: (1) Allow a business to create a single online account connected to multiple state agencies; (2) allow a business to register with and apply for and renew licenses and permits from such agencies through such system; (3) allow a business to pay any registration, license or permit fees through such system; and (4) include a messaging component that allows such agencies to provide notifications to a

business about the status of any business registrations, licenses, permits and applications. Such system shall allow agencies to maintain their own back-end databases for managing business registrations, licenses and permits.

(b) Not later than January 1, 2019, the information and telecommunications systems executive steering committee shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and government administration. Such report shall include the feasibility of designing and implementing a system as described in subsection (a) of this section, the state agencies that could or should be involved in such system, an estimated cost for the design, implementation and maintenance of such system and a proposed process and timeline for the design and the implementation of such system.

Approved June 7, 2018

Special Act# 18-23 SB# 446

AN ACT CONCERNING A STRATEGIC PLAN FOR THE BIOSCIENCE SECTOR IN CONNECTICUT

Section 1. (*Effective from passage*) (a) Connecticut Innovations, Incorporated shall develop (1) a short-term and long-term strategic plan to develop and grow the bioscience sector in Connecticut; and (2) a marketing and promotional strategy to complement such strategic plan. Connecticut Innovations, Incorporated shall develop such plan and marketing strategy in collaboration with the Department of Economic and Community Development, the chairpersons and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to commerce and public health and bioscience industry stakeholders, including, but not limited to, institutions of higher education, bioscience businesses located within and outside the state, industry associations, a biostrategist and the Connecticut Health Data Collaborative established under section 2-124a of the general statutes.

(b) In developing such strategic plan, Connecticut Innovations, Incorporated shall (1) evaluate the state's current assets, strengths and weaknesses as they relate to the bioscience sector; and (2) consider the findings of the report on bioscience metrics completed pursuant to special act 17-2 and the report on the state's bioscience education pipeline completed pursuant to special act 17-20.

(c) Such marketing and promotional strategy shall include, but need not be limited to, the following items: (1) An Internet web site designed to attract researchers, entrepreneurs, venture capitalists, research institutions, health systems, health data companies and other bioscience-related entities to the state by advertising the strengths of the state to such persons, providing links to resources in the state for such persons, and including links to such persons and institutions of higher education located in the state; (2) a social media plan; (3) metrics for evaluating the success of the state's marketing and promotional efforts; and (4) an estimated cost of and potential funding sources for the implementation of such strategy, including, but not limited to, the possibility of private funding and in-kind donations.

(d) Not later than January 1, 2019, Connecticut Innovations, Incorporated shall submit a report including such strategic plan and a description of such marketing strategy to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and public

health, the Connecticut Health Data Collaborative and the Commission on Economic Competitiveness, in accordance with the provisions of section 11-4a of the general statutes.

Approved June 13, 2018

Special Act# 18-24 SB# 448

AN ACT CONCERNING A REQUEST FOR PROPOSALS FOR THE OPERATION OF MOBILE MANUFACTURING TRAINING LABS

Section 1. (*Effective from passage*) (a) Not later than October 1, 2018, the Commissioner of Economic and Community Development, in collaboration with the Labor Commissioner and the Manufacturing Innovation Advisory Board, established under section 32-7n of the general statutes, shall develop and issue a request for proposals for the operation of one or more mobile manufacturing training labs that shall support manufacturing careers by providing services that may include, but need not be limited to, continuing education for manufacturing employees and demonstration of advanced manufacturing to middle and high school students. Notwithstanding the provisions of section 32-7o of the general statutes, any such proposal selected by the Commissioner of Economic and Community Development and subsequently approved by the Manufacturing Innovation Advisory Board shall be paid for from the Connecticut Manufacturing Innovation Fund, established under said section.

(b) Not later than January 1, 2019, the Commissioner of Economic and Community Development shall submit a report on the result of the request for proposals to the joint standing committee of the General Assembly having cognizance of matters relating to commerce, in accordance with the provisions of section 11-4a of the general statutes.

Approved June 13, 2018

Public Act# 18-81 SB# 543

AN ACT CONCERNING REVISIONS TO THE STATE BUDGET FOR FISCAL YEAR 2019 AND DEFICIENCY APPROPRIATIONS FOR FISCAL YEAR 2018

Section 1. (Effective July 1, 2018) The amounts appropriated for the fiscal year ending June 30, 2019, in section 1 of public act 17-2 of the June special session, as amended by section 16 of public act 17-4 of the June special session and section 1 of public act 17-1 of the January special session, regarding the GENERAL FUND are amended to read as follows:

DEPT. OF ECONOMIC & COMMUNITY DEVELOPMENT	2018-2019	
Personal Services	[7,145,317]	6,946,217
Other Expenses	[527,335]	500,968
Office Of Military Affairs	187,575	
Capital Region Development Authority	[6,299,121]	6,249,121
Municipal Regional Development Authority	[610,500]	
AGENCY TOTAL	[14,769,848]	13,883,881

Sec. 4. (Effective July 1, 2018) The amounts appropriated for the fiscal year ending June 30, 2019, in section 10 of public act 17-2 of the June special session regarding the TOURISM FUND are amended to read as follows:

DEPT. OF ECONOMIC & COMMUNITY DEVELOPMENT	2018-2019	
Statewide Marketing	4,130,912	
Hartford Urban Arts Grant	242,371	
New Britain Arts Council	39,380	
Main Street Initiatives	100,000	
Neighborhood Music School	80,540	
Nutmeg Games	40,000	
Discovery Museum	196,895	
National Theatre of the Deaf	78,758	
Connecticut Science Center	446,626	
CT Flagship Producing Theaters Grant	259,951	
Performing Arts Centers	787,571	
Performing Theaters Grant	306,753	
Arts Commission	1,497,298	
Art Museum Consortium	287,313	
Litchfield Jazz Festival	29,000	
Arte Inc.	20,735	
CT Virtuosi Orchestra	15,250	
Barnum Museum	20,735	
Various Grants	393,856	
CT Open		250,000
Greater Hartford Arts Council	74,079	
Stepping Stones Museum for Children	30,863	
Maritime Center Authority	303,705	
Connecticut Humanities Council	850,000	
Amistad Committee for the Freedom Trail	36,414	
New Haven Festival of Arts and Ideas	414,511	
New Haven Arts Council	52,000	
Beardsley Zoo	253,879	
Mystic Aquarium	322,397	
Northwestern Tourism	400,000	
Eastern Tourism	400,000	
Central Tourism	400,000	
Twain/Stowe Homes	81,196	
Cultural Alliance of Fairfield	52,000	
AGENCY TOTAL	[12,644,988]	12,894,988

§ 50 — COMMUNITY INVESTMENT ACCOUNT

(*Effective July 1, 2018*) Notwithstanding any provision of the general statutes or any public or special act, any reduction of funds in or transfer of funds from the community investment account, established pursuant to section 4-66aa of the general statutes, during the fiscal year ending June 30, 2019, shall result in a proportionate reduction of funding of each of the programs funded under said account.

§ 51 — EXECUTIVE BRANCH REQUIRED SAVINGS FOR FY19

(*Effective July 1, 2018*) The Secretary of the Office of Policy and Management shall make reductions in allotments in any budgeted agency of the executive branch in order to achieve savings in the General Fund of $7,000,000 for the fiscal year ending June 30, 2019, by means of a hard hiring reduction and an acceleration of efforts to privatize the delivery of services currently provided by the state, consistent with provisions of the ratified 2017 SEBAC agreement, dated June 25, 2017, between the state and the State Employees Bargaining Agent Coalition, approved pursuant to subsection (f) of section 5-278 of the general statutes, concerning job security and layoffs.

§ 56 — PANEL TO STUDY THE COMMISSION ON FISCAL STABILITY AND ECONOMIC GROWTH'S RECOMMENDATIONS

(*Effective from passage*) (a) There is established a panel to study and make recommendations regarding the proposals made by the Commission on Fiscal Stability and Economic Growth, established pursuant to section 250 of public act 17-2 of the June special session, in its final report concerning the rebalancing of state taxes to better stimulate economic growth without raising net new taxes. The study shall include, but not be limited to, reviews of (1) options for expanding revenue sources for municipalities, and (2) base-broadening methodologies for the sales and use taxes, taking into account the work of said commission and the State Tax Panel convened pursuant to section 138 of public act 14-217.

(b) The panel shall consist of the following members:

(1) One appointed by the speaker of the House of Representatives, who shall have either served on the State Tax Panel, convened pursuant to section 138 of public act 14-217, or on the Commission on Fiscal Stability and Economic Growth, established pursuant to section 250 of public act 17-2 of the June special session;

(2) One appointed by the minority leader of the House of Representatives, who shall have either served on said tax panel or on said commission;

(3) One appointed by the president pro tempore of the Senate, who shall have either served on said tax panel or on said commission;

(4) One appointed by the Republican president pro tempore of the Senate, who shall have either served on said tax panel or on said commission;

(5) One appointed by the majority leader of the House of Representatives, who shall have either served on said tax panel or on said commission;

(6) One appointed by the majority leader of the Senate, who shall have either served on said tax panel or on said commission; and

(7) The Commissioner of Revenue Services, who shall be an exofficio, nonvoting member of the panel.

(c) All appointments to the panel shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.

(d) The speaker of the House of Representatives and the president pro tempore of the Senate shall jointly select a cochairperson of the panel from among the members of the panel. The minority leader of the House of Representatives and the Republican president pro tempore of the Senate shall jointly select a cochairperson of the panel from among the members of the panel. Such cochairpersons shall schedule the first meeting of the panel, which shall be held not later than sixty days after the effective date of this section.

(e) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding shall serve as administrative staff of the panel.

(f) The panel may consult with any individuals or entities the members of the panel deem appropriate or necessary and may request the Secretary of the Office of Policy and Management to hire a consultant or consultants to assist the panel in conducting the study.

(g) Not later than January 1, 2019, the panel shall submit a report on its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding, in accordance with the provisions of section 11-4a of the general statutes. The panel shall terminate on the date that it submits such report or January 1, 2019, whichever is later.

§ 57 — EFFICIENCY IMPROVEMENTS IN REVENUE COLLECTION AND STATE AGENCY EXPENSE MANAGEMENT

(*Effective from passage*) (a) Not later than July 1, 2018, the Secretary of the Office of Policy and Management shall develop and issue a request for proposals to hire a national consultant to study and make recommendations regarding efficiency improvements in revenue collection and agency expense management that will result in a savings of at least five hundred million dollars. Such recommendations shall not adversely impact program quality or social services program benefits.

(b) The secretary shall consult with former members of the Commission on Fiscal Stability and Economic Growth, established pursuant to section 250 of public act 17-2 of the June special session, on the scope of the study and shall update such former members on its progress. Not later than February 1, 2019, the consultant shall submit a report on the consultant's findings and recommendations to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies and finance, revenue and bonding, in accordance with the provisions of section 11-4a of the general statutes

AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES, CONCERNING THE BOND CAPS, ESTABLISHING THE APPRENTICESHIP CONNECTICUT INITIATIVE AND CONCERNING THE FUNCTIONS OF CTNEXT AND CONNECTICUT INNOVATIONS, INCORPORATED

§ 47 — FUNCTIONS OF CTNEXT

Subsection (a) of section 32-39g of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2018*):

(a) For the purposes enumerated in subsection (a) of section 32-39f, CTNext is authorized and empowered to:

(1) (A) Employ such assistants, agents and other employees as may be necessary or desirable who shall not be employees, as defined in subsection (b) of section 5-270; (B) establish all necessary or appropriate personnel practices and policies, including personnel practices and policies relating to hiring, promotion, compensation, retirement and collective bargaining, which need not be in accordance with chapter 68 but may be in accordance with the personnel practices and policies of Connecticut Innovations, Incorporated; and (C) engage consultants, attorneys and appraisers as may be necessary or desirable to carry out its purposes in accordance with this section;

(2) Receive and accept grants or contributions from any source of money, property, labor or other things of value, to be held, used and applied to carry out the purposes of this section subject to such conditions upon which such grants and contributions may be made, including, but not limited to, grants or contributions from any department, agency or instrumentality of the United States or this state for any purpose consistent with this section;

(3) Make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this section, including contracts and agreements for such professional services as CTNext deems necessary, including, but not limited to, financial consultant and technical specialists;

(4) Procure insurance against any liability or loss in connection with its property and other assets, in such amounts and from such insurers as it deems desirable, and procure insurance for employees;

(5) Account for and audit funds of CTNext and funds of any recipients of funds from CTNext;

(6) Establish advisory committees to assist in accomplishing its duties under this section, which may include one or more members of the CTNext board of directors and persons other than members;

(7) Serve as a resource to start-up and growth stage entrepreneurs in this state by (A) providing counseling and technical assistance in the areas of entrepreneurial business planning and management, financing and marketing for start-up and growth stage businesses; and (B) conducting business workshops, seminars and conferences with local partners, including, but not limited to, in-state public and independent institutions of higher education, municipal governments, regional

economic development districts, private industry, chambers of commerce, small business development organizations and economic development organizations;

(8) Facilitate partnerships between innovative start-up and growth stage businesses, research institutions and venture capitalists or financial institutions;

(9) Increase the quantity and availability of capital for start-up and growth stage businesses and entrepreneurs including, but not limited to, angel investors and venture capitalists;

(10) Promote technology-based development in the state;

(11) Encourage and promote the establishment of and, within available resources, provide financial aid to advanced technology centers;

(12) Maintain an inventory of data and information concerning state and federal programs that are related to the purposes of this section and serve as a clearinghouse and referral service for such data and information;

(13) Promote and encourage and, within available resources, provide financial aid for the establishment, maintenance and operation of incubator facilities;

(14) Promote and encourage the coordination of public and private resources and activities within the state in order to assist technology-based business entrepreneurs and business enterprises;

(15) Promote science, engineering, mathematics and other disciplines that are essential to the development and application of technology;

(16) Coordinate its efforts with existing business outreach centers, as described in section 32-9qq;

(17) Provide financial aid to persons developing smart buildings, as defined in section 32-23d, incubator facilities or other information technology intensive office and laboratory space;

(18) Coordinate the development and implementation of strategies regarding technology-based talent and innovation among state and quasi-public agencies, including the creation and administration of the Connecticut Small Business Innovation Research Office to act as a centralized clearinghouse and provide technical assistance to applicants in developing small business innovation research programs in conformity with the federal program established pursuant to the Small Business Research and Development Enhancement Act of 1992, P.L. 102-564, as amended from time to time, and other proposals;

(19) Encourage the retention of younger generation start-up entrepreneurs in the state;

(20) Promote entrepreneurship among students, faculty and alumni of institutions of higher education;

(21) Make planning grants to entities seeking to apply for innovation place designation pursuant to section 32-39l, provided each such entity demonstrates that its proposed innovation place meets the purposes set forth in section 32-39k;

(22) Encourage and promote the establishment of business accelerators, including, but not limited to, a satellite of a major national business accelerator;

(23) Make higher education entrepreneurship grants-in-aid recommended by the Higher Education Entrepreneurship Advisory Committee pursuant to section 32-39t; and

(24) Do all acts and things necessary or convenient to carry out the purposes of this section and the powers expressly granted by this section.

§ 48 — ENTREPRENEURS-IN-RESIDENCE AND PROOF OF CONCEPT FUNDS

(NEW) (*Effective July 1, 2018*) (a) The executive director of CTNext may establish and operate an Entrepreneurs-in-Residence program that may replace and incorporate any similar program run by CTNext prior to July 1, 2018. Such program may identify highly experienced entrepreneurs who have been involved in the successful creation of innovation-based start-up companies and early-state venture deals and retain their services to match them with entrepreneurs and companies in the CTNext network to provide advice and assistance. Such retention may be on a paid or volunteer basis, as agreed to by the entrepreneur-in-residence and the CTNext board of directors, except that an employee of CTNext who serves as an entrepreneur-in-residence shall serve on a voluntary basis.

(b) The executive director of CTNext may establish jointly with the chief executive officer of Connecticut Innovations, Incorporated a proof of concept fund to make investments or provide grants of up to one hundred thousand dollars to support commercialization activities that are relevant to key industries in the state. Preference may be given to (A) such activities that are based on research conducted at institutions of higher education in the state, (B) making investments in companies involved in such research or commercialization efforts, or (C) both. Such investments or grants shall be awarded on a competitive basis and any applicant for an investment or a grant under this subdivision shall demonstrate, in a form and manner prescribed by the executive director in consultation with the chief executive officer, such applicant's intent to commercialize aspects of such research. A grant under this subdivision may be awarded directly to the applicant or to a company involved in such research or commercialization efforts.

§ 49 — VENTURE FUNDS

(NEW) (*Effective July 1, 2018*) The chief executive officer of Connecticut Innovations, Incorporated may establish a program to incentivize the formation of at least one new venture capital fund in the state. Connecticut Innovations, Incorporated may invest up to ten million dollars only if private investors invest at least one and one-half times the amount Connecticut Innovations, Incorporated pledges to invest in a new fund. Any such fund shall be subject to the following requirements:

(1) The amounts invested by Connecticut Innovations, Incorporated pursuant to this section shall be invested in start-up and growth stage companies located in the state. Such requirement shall not apply to the amounts invested by private investors pursuant to this section;

(2) The investor or the managing venture capital firm managing such fund shall have an office located in the state; and

(3) Any partner in a fund established under this subdivision may buy, after five years from the date of the establishment of the fund, Connecticut Innovations, Incorporated's equity stake in the fund plus interest at an annual rate agreed upon by the partner and the executive director.

§ 50 — STRANDED R&D

Section 12-217bbb of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2018*):

(a) As used in this section, (1) "accumulated credits" means credits allowed under sections 12-217j and 12-217n that have not been taken through the last income year completed prior to the date of an auction under this section, (2) "commissioner" means the Commissioner of Economic and Community Development, and (3) "chief executive officer" means the chief executive officer of Connecticut Innovations, Incorporated.

(b) (1) The commissioner, in consultation with the Commissioner of Revenue Services and the chief executive officer, shall hold an innovation investment fund tax credit auction, at such time and as frequently as the commissioner deems appropriate and effective, to allow taxpayers with accumulated credits to utilize such credits in exchange for making an investment as provided under subsection (c) of this section.

(2) For each tax credit auction, the commissioner shall specify, in consultation with the chief executive officer, the deadline for submitting a bid, the minimum number of cents for each dollar of accumulated credit that may be bid and the information required to be included with such bid. Each bidder shall submit a sealed bid and the commissioner shall select, in consultation with the chief executive officer, the winning bid or bids based upon the amounts of accumulated credits the bidder proposes to exchange, the amounts the bidder proposes to invest for such exchange and any other criteria the commissioner and the chief executive officer deem appropriate to evaluate the bids.

(c) The commissioner shall invest the amounts received from the winning bidder or bidders in the winning bidder's corporate venture fund, subject to the following requirements:

(1) All investments shall be made under the advisement of a representative of Connecticut Innovations, Incorporated, who is a member of the corporate venture fund's investment committee;

(2) The amount invested in a corporate venture fund pursuant to this subsection shall be not less than five million dollars and not more than ten million dollars;

(3) All such amounts invested shall be invested in (A) start-up businesses located in the state, or (B) spin-off companies located in the state from the bidder's research and development department;

(4) The portion of profits attributable to such investments shall be divided equally between the state and the bidder and the state's share shall be deposited in the General Fund; and

(5) The bidder agrees to reinvest the bidder's profits attributable to such investments in the bidder's corporate venture fund.

(d) In lieu of holding a tax credit auction under subsection (b) of this section, the commissioner, in consultation with the chief executive officer, may enter into an agreement with a taxpayer with accumulated credits to allow such taxpayer to utilize such credits in exchange for making an investment as provided under subsection (c) of this section. The requirements applicable to investments under said subsection (c) shall apply to investments made pursuant to an agreement under this subsection, except that the number of cents for each dollar of accumulated credit may be negotiated by the commissioner, in consultation with the Commissioner of Revenue Services, and the taxpayer.

(e) The commissioner shall continue to hold tax credit auctions pursuant to subsection (b) of this section or proactively seek agreements under subsection (d) of this section, or both, until a minimum of two deals with different corporate venture funds are reached, provided nothing in this subsection shall be construed to prohibit the commissioner from continuing to hold such auctions or enter into such agreements after two deals have been reached.

(f) The total amount of investments made under this section and the accumulated credits used under section 12-217aaa, at full value, shall not exceed fifty million dollars in the aggregate.

(g) (1) On and after July 1, 2020, the credits allowed under this section may be claimed against the tax imposed under chapter 219 or, notwithstanding the limits imposed under section 12-217zz, this chapter, with respect to the following income years of the taxpayer: (A) With respect to the income year in which the taxpayer made the investment required under this section and the next succeeding income year, zero per cent; and (B) with respect to the second full income year succeeding the year in which the taxpayer made the investment required under this section, an amount and on a schedule for such second full income year and next succeeding income years as agreed to by the commissioner, in consultation with the Commissioner of Revenue Services, and the taxpayer that made the investment.

(2) Credits allowed under this section may be sold, assigned or otherwise transferred, in whole or in part.

(h) Tax credit auctions and agreements under this section may be held or entered into for five years after the date the first such auction or agreement is held or entered into, whichever is earlier.